Health Benefit Exchange and the Small Business Exchange: Public Meeting
Nevada Division of Health Care Financing and Policy (DHCFP)
Grand Sierra Resort and Casino, 2500 East Second Street, Reno, Nevada
Tuesday, April 26, 2011 10:00 AM – 12:00 PM
Notes from Meeting: Q&A

I. The Small Business Exchange Presentation

- Speakers:
  - Gloria Macdonald, CPA – Project Manager for Health Care Reform, Division of Health Care Financing and Policy (DHCFP)
  - Bob Carey – Senior Advisor, Public Consulting Group (PCG)
  - Brett Barratt – Nevada Insurance Commissioner

II. Questions/Comments

- **Gene Furr, Menath Insurance**
  - Question: Can you restate the structure of the Exchange governance board?
  - Answer: There are seven proposed members. Five will be appointed by the Governor, one by the Senate Majority Leader, and one by the Assembly Speaker. This information is also available on our website.
    - People who serve on the Board cannot be employees of an insurance company or on the board of directors for an insurance firm, due to conflict of interest.
    - We will need people with former experience in health insurance, small group insurance, health administration, small businesses, as well as a consumer-type person.
    - There will also be three ex-officio non-voting members. These are state officials: the Director of Health and Human Services, the Director of Business and Industry, and the Administration Director.
  - Question: Why not allow conflict of interest at the board level instead of having all of the advisory committees?
  - Answer: It is an inherit conflict if a board member works for an insurer as they may be able to steer the Board in ways that benefit their company. Additionally, there are 28 carriers in Nevada, and to have one carrier represented on the Board and not the rest could create bias. We also cannot have a board of 28 carriers, as that would be unmanageable.

- **Kevin Sampson, Health Benefits Brokerage**
  - Comment: These meetings, from my understanding, are meant to receive public comment and feedback, and I would like to say first that I am all for the repeal of "ObamaCare." I think we should use the money that we have received for the Exchange to reach out to the uninsured. Also, there has been no mention to date of a provision for Spanish on the Exchange. The majority of the uninsured in Nevada do not speak English. Has there been any discussion about a bilingual Exchange?
  - Answer: It is required in the federal law to have materials in cultural and language-appropriate presentations, so that is going to be part of the Exchange.

    - As far as the population of the uninsured in Nevada, you are correct. It is not the majority of the uninsured population is Hispanic, but it is a disproportionate share of the people.
    - Part of the outreach and education development will be targeted to that group of individuals
- Comment: With regard to the options of plans for the small business group, I suggest that we stick to the one carrier, multiple plans option, which is what is available today in the commercial market.
    - Adding a third individual in the process of billing is going to be very confusing for brokers and carriers. We should not complicate the billing process more than it currently is.
    - I also think that we should have one administrator, but two separate Exchanges: SHOP Exchange and the individual Exchange. It is better to keep it simple for January 2014.
- Answer: The Governor of Nevada is supporting the litigation to repeal health reform, but the Governor and the State Legislature realized, upon the passage of the Bill, that we will need someone to start coordinating to ensure that Nevada does not fall behind in healthcare reform, regardless of how this turns out.
    - Once these public forums stop, we will need to begin sitting down with individual workgroups and start to actually hash out what the Exchange will look like.
    - With regard to the role of brokers in the Exchange, to reiterate what has been said at previous meetings, the Exchange cannot take on the role of the brokers, nor does it want to. Twenty five percent of the population will soon be eligible to purchase insurance, and these are people who have no concept of how to purchase insurance. They will need the assistance of brokers.
    - Exchange models that are currently in existences – the Utah, Connecticut, and Massachusetts models all use brokers

- **Peter Breen, Breen Insurance Services**
    - Question: Has there been any discussion as to how the Exchange will impact the Nevada laws that deal with health insurance, i.e. the rating laws, state continuation law, etc? Also, will there be a renewal period for coverage, and how will you provide checks and balances to make sure that one carrier does not come out with the best rates and negatively impact the market for other carriers?
    - Answer: At some point there is going to have to be a reconciliation process with current and new laws, but that process will happen as we move along.
        - Because the Exchange and the ACA are being phased in, many laws, such as underwriting, are going to remain in effect at least through the 2013 legislature.
        - In terms of enrollment, we will most certainly have an open enrollment period. It would not be fair for individuals to be able to call on their way to the emergency room and enroll in coverage.
        - As far as checks and balances go, on the one hand, you would hope that the market would take care of this problem and that competition would prevent one carrier from dominating the rest. The Division of Insurance does not

want to micromanage the market, but would rather have the market self-correct and remain competitive.
        - Plans that are at the same actuarial value will, hopefully, differ in certain aspects. It will not be a direct comparison of price. The tier levels are more of a representation of out-of-pocket expenses to the consumer.
    - The Exchange will not be a separate risk pool. Carriers that offer small group or individual coverage will have an individual and small group risk pool that is the same risk pool whether you purchase through the Exchange or directly from the carrier, or through a broker.

- **Brad Backlund, Flanigan-Leavitt Insurance**
    - Comment: Instead of using navigators, why not utilize the broker community that already exists and allow us (brokers) to expand our current business by hiring more people and taking over that job. From what has been said thus far, it does not sound as if the plan is to introduce a third party in the billing cycle. It sounds as if subsidies will be paid directly to the carriers.
    - Answer: We will certainly consider all suggestions, but keep in mind that soon DHHS will release more guidance, so what that says remains to be seen.
        - Your comment about using existing sources and leveraging existing resources is totally consistent with the approach that we have been taken thus far. We do not need to reinvent the wheel.
        - With regard to the premium billing and collection of the subsidy, that remains an open question.

- **Alise Moss Vetica, Citizen**
    - Comment: From someone who has had years of experience in the healthcare arena, I do not want to appeal "ObamaCare," because I feel that our healthcare system is broken and most people in the United States also feel this way. There are thirteen components of healthcare reform and today we have been focusing on just the financial aspects. There are also people that are counting on the Exchange to improve the quality of healthcare. Quality improvement should be a great concern for Nevada, a state that continuously ranks 47th in healthcare quality.
        - While there are things that I disagree with in the ACA, I do not feel that we should just throw it all away and stop the process.
        - There are gaps in our current health care system and the reform makes it possible to fill those gaps.
    - Answer: This is a correct point; the Exchange is only a piece of healthcare reform. Another piece is the introduction of other methodologies for provider delivery of care and quality, as well as how to track and reward good providers

- **Pete Gilbert, Employer Benefits**
    - Question: What is going to do to keep costs down? Rates for individuals and families continue to go up, and if the Exchange is only going to offer the same rates that are out there today, costs will continue to go up.
    - Answer: Insuring more people does not mean that the costs of insurance will go up. The reality is that 85 cents on the dollar, in some markets 80 cents, goes to the

providers. Of the remaining 20 percent, a portion of that goes to the broker and another portion goes to covering administrative costs. When we talk about the cost of healthcare, the problem is more that it is not a very good system. What the Exchange is attempting to do is bring in more people.

- If you look at the demographics of who is uninsured, it's generally younger, healthier, individuals. 40 percent of the uninsured are between the ages of 18-34. This is a good risk pool for insurance companies.
- The challenge will be reaching out to these people and communicating the information about their options and the accessibility, affordability and quality of care in a way that is understandable to them.
- The Medicaid program here is pretty basic, yet there are people eligible for Medicaid right now who are not even enrolled in it, and it is a free program. Imagine the challenge of reaching out to people and telling them that they are eligible for insurance, but they will need to pay $40 per month. Many people will not be interested.
- A clear issue thus far has been the definition between the role of the navigator and the role of the broker. There will be a clear delineation, and this will be defined in the regulations issued by DHHS.
- What we are discussing in these forums, the ACA and the Exchange, does not get to why healthcare cost so much. This issue does not get to why we have 10 percent inflation in healthcare costs per year.
- The Division of Insurance has applied for and received a federal grant to enhance our rate review process. We have third party actuaries that are looking into this issue now. On our website, it shows every insurer that has filed for a rate increase and decrease and even what the average is, as well as what has been approved and denied.
    - On the one hand the Division needs to make sure that insurance companies are solvent and can pay claims, but on the other hand they should not be making obscene profits at the expense of citizens.

- **Susan Lisagor, Senator Harry Reid's office**
    - Question: Regarding AB309, can you tell us what actually is happening on Monday?
    - Answer: What AB309 essentially does is create the Office of the Consumer Advocate within the Division of Insurance and allows the Governor to appoint consumer advocates who would serve for a term of four years.
    - Comment: Appreciation for Gloria's comment about other areas of healthcare reform that are targeted at reducing cost. If you go onto the CMS.gov website, there are seminars posted by Dr. Don Burwick that are very educational. Everyone is allowed to call in and participate in his seminars, not just healthcare professionals.

- **Dan Carter, CSC Insurance Services**
    - Question: With regard to the law that Commissioner Barratt mentioned earlier about compliance and penalties, has the State considered who is going to be responsible for administrating this component?

- Answer: Presumably that would be part of the business activities of the Exchange. Under the law, the Exchange is responsible for certifying exemptions and handling appeals to denials of exemptions under the individual mandate.

III. Conclusion

- We appreciate your participation. The next meeting will be in Las Vegas tomorrow and then on May 24th in Carson City, where we will talk about the relationship between Medicaid and the Exchange.